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## **Attachment 1 Description of Cash Flow Model**

### **Introduction**

The purpose of this attachment is to describe the cash flow model used to calculate the Fixed Recovery Charge (“FRC”) rates for electric customers. FRC rates will be calculated separately for each series of Recovery Bonds (“Bonds”) issued.

The remainder of this attachment is organized as follows:

- Overview of the Bond Cash Flow Model; and
- FRC rate calculation.

### **Overview of the Bond Cash Flow Model**

The Bond cash flow spreadsheet models the expected annual revenue requirement of the Bonds based on assumptions for the electric load forecast for the forthcoming year, annual debt service of the Bonds, losses on collections from customers, and ongoing expenses such as overcollateralization, if any, servicing and trustee fees. The model determines the annual FRC revenue requirement and rates for electric customers necessary to collect sufficient funds to pay the interest and principal on the Bonds, as well as the servicing fees, trustee fees, credit rating agency fees, and other necessary financing costs. PG&E proposes to apply the same distribution factors to allocate FRC rates that would have been used to establish the rates if these costs had not been securitized. Distribution allocation factors will be updated at least annually in Routine True-Up Mechanism Advice Letters to reflect changes in sales and any changes to these factors that may occur as a result of a PG&E revenue allocation or rate design proceeding.

### **FRC Rate Calculation**

The Bond cash flow model will calculate FRC rates that will apply to electric customers by class. The initial FRC rates will be determined as described below:

Step 1: Determine the electric sales forecast for eligible electric customers for the forthcoming year.

Step 2: Determine all components to be covered by FRC revenue requirement in each year. These components include Bond principal, interest, and other financing costs.<sup>1</sup>

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<sup>1</sup> Uncollectible billed FRC charge revenue and the timing of the remittances based on servicing procedures and delinquencies will each affect cash flow available to cover the tariff components and, consequently, will each be factored into the FRC charge as a component.

This model assumes that FRC collections will be remitted daily and held by the Bond Trustee in a collection account for distribution on semi-annual payment dates. The model also assumes a collection curve, such that when applied to the billed revenue for a given day the collection curve will map that day's billed revenue into expected daily cash receipts over the following 180 days, with any amount unpaid at 180 days assumed to be uncollectible.

Step 3: The rate per kWh by customer class for the year will equal the sum of the components covered by the FRC for the year divided by the estimated eligible sales for that year:

For the forecast year,  $\text{Rate/kWh} = \text{FRC Revenue Requirement} / \text{Estimated Sales}$

**(END OF ATTACHMENT 1)**

**Attachment 2**  
**Form of Issuance Advice Letter**

[date]

**Advice \_\_\_\_\_-E**  
**(Pacific Gas and Electric Company ID [\_\_\_\_\_])**

Public Utilities Commission of the State of California

**Subject:** Issuance Advice Letter Submission for Wildfire Hardening Recovery Bonds

Pursuant to California Public Utilities Commission (CPUC) Decision (D.) [ ] (Decision), Pacific Gas and Electric Company (PG&E) hereby transmits for submission, [one] day after the pricing date of this series of Wildfire Hardening Recovery Bonds, the initial Fixed Recovery Charges for the series. This Issuance Advice Letter is for the Wildfire Hardening Recovery Bonds series \_\_\_\_\_, tranche(s) \_\_\_\_\_ (Wildfire Hardening Recovery Bonds).

**Purpose:**

This submission establishes initial Fixed Recovery Charges for rate schedules for Consumers. This submission also establishes the Recovery Property to be sold to the Recovery Property Owner (Special Purpose Entity or SPE), including the Billing Commencement Date. Finally, this submission sets forth the final terms of the Recovery Bonds, including a final estimate of Upfront Financing Costs and estimated Ongoing Financing Costs for the 12-month period following the Closing Date.

**Background:**

In D. [ ], the Commission authorized PG&E to submit Issuance Advice Letters when final terms and pricing for Wildfire Hardening Recovery Bonds have been established. Issuance Advice Letter submissions are those in which PG&E uses the rate design methodology and Fixed Recovery Charge cash flow formula found (the “adjustment mechanism”) reasonable by the Commission in D. [ ] to establish initial Fixed Recovery Charges for a series of Wildfire Hardening Recovery Bonds. Using this methodology and formula approved by the Commission in D. [ ], this submission establishes the initial Fixed Recovery Charges.

**Issuance Information:**

Decision [ ] requires PG&E to provide the following information.

Recovery Bond Name: \_\_\_\_\_ Recovery Property Owner (SPE): \_\_\_\_\_ Bond

Trustee(s): \_\_\_\_\_

Closing Date: \_\_\_\_\_ Bond Rating(s): \_\_\_\_\_

Principal Amount Issued (Authorized Amount):\_\_\_\_(See Table 1 below)

Upfront Financing Costs:\_\_\_\_\_(See Table 2 below)

Upfront Financing Costs as a Percent of Principal Amount Issued:\_\_\_\_\_Coupon

Rate(s): See Exhibit 1

Call Features: \_\_\_\_\_

Expected Principal Amortization Schedule: See Exhibit 1

Scheduled Final Payment Date(s): See Exhibit 1

Legal Maturity Date(s): See Exhibit 1

Payment Dates (semi-annually): \_\_\_\_\_

Annual Servicing Fee as a percent of the issuance amount: \_\_\_\_\_

Overcollateralization amount for the series, if any: \_\_\_\_\_

FRC Annual Adjustment Date:

Semi-Annual Adjustment Dates:

Billing Commencement Date:

First Payment Period: [Closing Date through and including first Payment Date]

Second Payment Period: [Day following First Payment Date through and including second Payment Date]

**Securitized Amount:**

The following table sets for the computation of the final Authorized Amount (i.e., the principal amount of the Recovery Bonds).

Table 1: Authorized Amount	
Initial AB 1054 CapEx Amount:	\$
• 2020	\$
• 2021	\$
Upfront Financing Costs (See Table 2 below)	
Total Securitized Amount	\$

PG&E has determined that Community Wildfire Safety Program (CWSP) system hardening costs to be recovered through issuance of the Wildfire Hardening Recovery Bonds described herein do not exceed 115 percent of the Commission-approved per-mile costs set forth in D.20-12-005 at page 119.

**Upfront Financing Costs:**

The following table includes actual or estimated (as noted) Upfront Financing Costs to be incurred in connection with the issuance of the Wildfire Hardening Recovery Bonds:

<b>Table 2: Upfront Financing Costs</b>	
Underwriters' Fees and Expenses	\$
Legal Fees and Expenses	
Rating Agency Fees	
Accounting Fees and Expenses	
Company's Advisory Fee	
Servicer Set-up Costs	
SEC Registration Fees	
Section 1904 Fees	
Printing / EDGARizing Expenses	
Trustee / Trustee Counsel Fee and Expenses	
Original Issue Discount	
Commission's Costs and Expenses	
Miscellaneous	
<b>Total</b>	<b>\$</b>
<b>Note 1:</b> Section 1904 Fees computed by today's Order.	

**True-Up Mechanism:**

Changes to the Fixed Recovery Charges will be requested through the submission of Routine True-Up Mechanism Advice Letters and Non-Routine True-Up Mechanism Advice Letters in accordance with Decision [\_\_\_\_]. Annually before each FRC Annual Adjustment Date (and at least quarterly beginning 12 months prior to the last scheduled final payment date of the last maturing tranche of a series of Wildfire Hardening Recovery Bonds), semi-annually, if required by the servicer, and more frequent as required by the servicer, the servicer will submit Routine True-Up Mechanism Advice Letters in the form of Attachment 3 to the Financing Order to ensure that Fixed Recovery Charges collections be sufficient to make all scheduled payments of bond principal, interest, and other Ongoing Financing Costs on a timely basis during each of the two payment periods and, in the case of semi-annual Routine True-Up Mechanism Advice Letter, to replenish any draws upon the capital subaccount. The first payment period means the period commencing on the Closing Date and ending (and including) the first Payment Date following the Closing Date (the "First Payment Period"); the second payment period means the period commencing on the day following the first Payment Date following the adjustment date and ending on (and including) the next Payment Date (the "Second Payment Period"). The servicer may also submit Non-Routine True-Up Mechanism Advice Letters in the form of Attachment 4 to the Financing Order.

**Ongoing Financing Costs:**

The following table includes estimated Ongoing Financing Costs for the First and Second Payment periods following Closing Date to be recovered through Fixed Recovery Charges in accordance with the Financing Order.

<b>TABLE 3: Estimated Ongoing Financing Costs</b>		
	First Payment Period	Second Payment Period
Servicing Fee (PG&E as Servicer) ([##]% of the initial Wildfire Hardening Recovery Bond principal amount)	\$	\$
Administration Fee		
Accounting Fees and Expenses		
Legal Fees and Expenses		
Rating Agency Surveillance Fees		
Trustee Fees and Expenses		
Independent Director Fees		
Printing / EDGARizing Expenses		
Return on Equity Contribution to SPE		
Miscellaneous Fees and Expenses		
<b>TOTAL ONGOING FINANCING COSTS (with PG&amp;E as Servicer)</b>	<b>\$</b>	<b>\$</b>
Ongoing Servicers Fee (Third Party as Servicer) (____% of initial principal amount)		
<b>TOTAL ONGOING FINANCING COSTS (Third Party as Servicer)</b>	<b>\$</b>	<b>\$</b>

**Fixed Recovery Charges:**

Table 4 below shows the inputs and current assumptions for each of the variables used in calculating the Fixed Recovery Charges:

<b>TABLE 4: Input Values For Fixed Recovery Charges</b>		
	First Payment Period	Second Payment Period
Allocation Factors for each Customer Class (see Exhibit 3)		
Projected kWh sales for each Customer Class for payment period (See Exhibit 3)		
Percent of Consumers' revenue written off		
Average Days Sales Outstanding		
Ongoing Financing Costs for the applicable payment period (See Table 3 above)		
Wildfire Hardening Recovery Bond Principal		
Wildfire Hardening Recovery Bond Interest		
Periodic Payment Requirement (See Exhibit 2)		
Periodic Billing Requirement (See Exhibit 3)		

Table 5 shows the initial Fixed Recovery Charges for each FRC Consumer Class. The Fixed Recovery Charge calculations are shown in Exhibit 3:

<b>TABLE 5: Fixed Recovery Charges for Period Ending [_____]</b>		
<b>FRC Consumer Class</b>	<b>WHC</b>	<b>WHFRCBA Rate*</b>
Residential		
Residential – CARE		
Residential – Non-CARE		
Small Commercial		
Medium Commercial		
Medium Commercial – A/B-10T		
Medium Commercial – A/B-10P		
Medium Commercial – A/B-10S		
E/B-19		
E/B-19T		
E/B-19P		
E/B-19S		
Streetlight		
Standby		
Standby – STOU T		
Standby – STOU P		
Standby – STOU S		
Agriculture		
E/B-20		
E/B-20 T		

E/B-20 P		
E/B-20 S		
Average Bundled Rate		
<b>Direct Access/Community Choice Aggregation (DA/CCA)</b>		
Residential		
Residential – CARE		
Residential – Non-CARE		
Small Commercial		
Medium Commercial		
Medium Commercial – A/B-10T		
Medium Commercial – A/B-10P		
Medium Commercial – A/B-10S		
E/B-19		
E/B-19T		
E/B-19P		
E/B-19S		
Streetlight		
Standby		
Standby – STOU T		
Standby – STOU P		
Standby – STOU S		
Agriculture		
E/B-20		
E/B-20 T		
E/B-20 P		
E/B-20 S		
Average DA/CCA Rate		

\* The Wildfire Hardening Fixed Recovery Charge Balancing Account (WHFRCBA) will be collected in rates in the same manner as other distribution charges, and will not be collected on a volumetric basis (cents per kWh) on some rate schedules.

### **Recovery Property:**

Recovery Property is the property described in Public Utilities Code Section 850(b)(11) relating to the Fixed Recovery Charges set forth herein, including, without limitation, all of the following:

- (1) The right, title and interest in and to the Fixed Recovery Charges set forth herein, as adjusted from time to time.
- (2) The right to be paid the principal amount of the Recovery Bonds, together with interest thereon as the same become due as shown on Exhibit 2, together with all Ongoing Financing Costs as the same become due.

- (3) The right, title and interest in and to all revenues, collections, claims, payments, money, or proceeds of or arising from the Fixed Recovery Charges, as set forth herein.
- (4) All rights to obtain adjustments to the Fixed Recovery Charges under the True-Up Mechanism.

These Fixed Recovery Charges, as adjusted from time to time, shall remain in place until the total amounts in Exhibit 2 are paid in full to the owner of the Recovery Property, or its assignee(s).

**Proposed Tariff Changes:**

[If Fixed Recovery Charge rate change is being implemented as a standalone rate change]: Attachment A provides all applicable tariff sheets reflecting the revised Fixed Recovery Charges shown in Table 5.

[If Fixed Recovery Charge rate change is being consolidated with other rate changes]: PG&E will submit all tariff sheets reflecting the revised Fixed Recovery Charges shown in Table 5 in the consolidated revenue requirement and rate change advice letter for rates effective in [date].

**Effective Date:**

In accordance with Decision [\_\_\_\_], unless before noon on the fourth business day after pricing the Commission issues an order finding that the proposed Recovery Bond issuance does not comply with the Financing Order, the Issuance Advice Letter and the Fixed Recovery Charges established by this Issuance Advice Letter will be effective automatically at noon on the fourth business day after pricing, and pursuant to Section 850.1(h), the Recovery Property established by the Financing Order, will come into being simultaneously with the sale of the Recovery Property to the SPE. The Fixed Recovery Charges will continue to be effective, unless they are changed by a subsequent True-Up Mechanism Advice Letter. All of the Recovery Property identified herein constitutes a current property right and will continuously exist as property for all purposes. Further all Upfront Financing Costs and all Ongoing Financing Costs for the life of the Wildfire Hardening Recovery Bonds shall be recoverable as provided in the Financing Order.

**Description of Exhibits:**

Exhibit 1 presents the debt service schedule for the Wildfire Hardening Recovery Bonds, including expected principal amortization, scheduled final payment dates and final legal maturity dates, interest rates, and aggregate scheduled debt service per payment date.

Exhibit 2 presents the Periodic Payment Requirements related to the Wildfire Hardening Recovery Bonds for the two payment periods following the Closing Date.

Exhibit 3 presents the Fixed Recovery Charges calculations.

**Notice:**

In accordance with General Order 96-B, Section 4.4, a copy of this advice letter is being sent electronically and via U.S. mail to parties shown on the attached list. Address changes should be directed to [ ] at (415) [ ]. Advice letter submissions can also be accessed electronically at: <https://www.pge.com/tariffs/advice-letters.page>.

Attachments

cc: Service List for A.[ ].

**Exhibit 1**

**Recovery Bond Terms and Debt Service Schedule**

**Exhibit 2****Periodic Payment Requirements**

The total amount payable to the owner of the Recovery Property, or its assignee(s), pursuant to this issuance advice letter is a \$ principal amount, plus interest on such principal amount, plus Ongoing Financing Costs, to be obtained from Fixed Recovery Charges calculated in accordance with D. [ ].

The Fixed Recovery Charges shall be adjusted from time to time, at least annually, via the Routine True-Up Mechanism Advice Letter and Non-Routine True-Up Mechanism Advice Letter in accordance with D. [ ].

The following amounts are scheduled to be paid by the Bond Trustee from Fixed Recovery Charges it has received during the two Payment Periods following the Closing Date. These payment amounts include principal plus interest and plus other Ongoing Financing Costs.

<u>Payment Period</u>	<u>Recovery Bond</u> <u>Payments (See</u> <u>Exhibit 1)</u>	<u>Ongoing Financing</u> <u>Costs (See Table 3)</u>	<u>Periodic Payment</u> <u>Requirement</u>
<u>First Payment</u> <u>Period</u>	\$	\$	\$
<u>Second Payment</u> <u>Period</u>	\$	\$	\$

**Exhibit 3**  
**Fixed Recovery Charges Calculations**

**(END OF ATTACHMENT 2)**

**Attachment 3**  
**Form of Routine True-Up Mechanism Advice Letter**

[date]

**Application** \_\_\_\_\_ **-E**  
**(Pacific Gas and Electric Company ID [ \_\_\_\_\_ ])**

Public Utilities Commission of the State of California

**Subject:** Routine [Annual (and at least quarterly beginning 12 months prior to the last scheduled final payment date of the last maturing tranche of a series of Recovery Bonds)] [Semi-Annual] [Interim] Advice Letter for Fixed Recovery Charges True-up Mechanism

Pursuant to California Public Utilities Commission (CPUC) Decision (D.) [ ] (Decision), Pacific Gas and Electric Company (PG&E), as servicer of the Recovery Bonds (Recovery Bonds) and on behalf of the Special Purpose Entity, hereby applies for adjustment to the Fixed Recovery Charge for series\_, Tranche(s)\_ of the Recovery Bonds.

**Purpose:**

This submission establishes revised Fixed Recovery Charges for rate schedules for Consumers, as set forth in D. [ ].

**Background:**

In D. [ ], the Commission granted PG&E authority to issue Recovery Bonds to finance certain costs and expenses related to catastrophic wildfires, including fire risk mitigation capital expenditures identified in subdivision (e) of Section 8386.3 of the Public Utilities Code, and associated financing costs.

Recovery Bonds are securities that are backed by the cash flows generated by a specific asset that has been sold by PG&E to a Special Purpose Entity that issued the Recovery Bonds secured by this asset. The asset sold is Recovery Property, a current property right that was created by Article 5.8 as the right, title and interest in and to all (i) Fixed Recovery Charges established pursuant to the Financing Order, including all rights to obtain adjustments, and (ii) revenues, collections, claims, payments, monies, or proceeds of or arising from the Fixed Recovery Charges that will cover debt service and all Ongoing Financing Cost, including any draws on the capital subaccount, as authorized in D. [ ]

In D. [ ], the Commission authorized PG&E to submit Routine True-up Mechanism Advice Letters at least annually, before each [insert FRC Annual Adjustment Date], semi-annually if required by the servicer before the Semi-Annual Adjustment Date, and more frequently as required by the servicer as permitted in the Financing Order. These submissions are intended to ensure that the actual revenues collected under the Fixed Recovery Charges will be sufficient to make all scheduled payments of Bond principal, interest, and other Ongoing Financing Costs on a timely basis during each of the two payment periods following the date of adjustment, including the replenishment of any draws upon the capital subaccount. The first payment period

means the period commencing on an adjustment date and ending (and including) the first Payment Date following the adjustment (the “First Payment Period”); the second payment period means the period commencing on the day following the first Payment Date following the adjustment date and ending on (and including) the next Payment Date (the “Second Payment Period”). Routine True-up Mechanism Advice Letter submissions are those where PG&E uses the cost allocation and rate design methodology and Fixed Recovery Charge and cash flow method (collectively, the “adjustment mechanism”) found reasonable by the Commission in D. [ ] to revise existing Fixed Recovery Charges.

Using the adjustment mechanism approved by the Commission in D. [ ], this submission modifies the variables used in the Fixed Recovery Charge calculations and provides the resulting modified Fixed Recovery Charges.

Table 1 shows estimated Ongoing Financing Costs for the next two payment periods to be recovered through Fixed Recovery Charges in accordance with the Financing Order.

<b>TABLE 1: Estimated Ongoing Financing Costs</b>		
	First Payment Period	Second Payment Period
Servicing Fee (PG&E as Servicer) ([##]% of the initial Recovery Bond principal amount)	\$	\$
Administration Fee		
Accounting Fees and Expenses		
Legal Fees and Expenses		
Rating Agency Surveillance Fees		
Trustee Fees and Expenses		
Independent Director Fees		
Printing / EDGARizing Expenses		
Return on Equity		
Miscellaneous Fees and Expenses		
Deposit to the Capital Subaccount (if any)		
<b>TOTAL ONGOING FINANCING COSTS (with PG&amp;E as Servicer)</b>	<b>\$</b>	<b>\$</b>
Ongoing Servicers Fee (Third Party as Servicer) (____% of initial principal amount)		
<b>TOTAL ONGOING FINANCING COSTS (Third Party as Servicer)</b>	<b>\$</b>	<b>\$</b>

Table 2 shows assumptions for each of the variables used in calculating the Fixed Recovery Charges.

<b>TABLE 2: Input Values For Fixed Recovery Charges</b>		
	Period 1	Period 2
Allocation Factors for each Customer Class (see Exhibit 3)		
Projected MWh sales for each Customer Class for payment period (See Exhibit 3)		
Percent of Consumers' revenue written off		
Average Days Sales Outstanding		
Ongoing Financing Costs for the applicable payment period (See Table 1 above)		
Balance of Collection Account (Net of Capital Subaccount)(As of xx/xx, which is the Calculation Cut-off Date)		N/A
Recovery Bond Principal		
Recovery Bond Interest		
Periodic Payment Requirement (See Exhibit 2)		
Periodic Billing Requirement (See Exhibit 3)		

Table 3 shows the revised Fixed Recovery Charges to be effective for Consumers. The Fixed Recovery Charge calculations are shown in Exhibit 3.

<b>TABLE 3: Fixed Recovery Charges for Period Ending [_____]</b>		
<b>FRC Consumer Class</b>	<b>WHC</b>	<b>WHFRCBA Rate*</b>
Residential		
Residential – CARE		
Residential – Non-CARE		
Small Commercial		
Medium Commercial		
Medium Commercial – A/B-10T		
Medium Commercial – A/B-10P		
Medium Commercial – A/B-10S		
E/B-19		
E/B-19T		
E/B-19P		
E/B-19S		
Streetlight		
Standby		
Standby – STOU T		
Standby – STOU P		
Standby – STOU S		
Agriculture		
E/B-20		
E/B-20 T		
E/B-20 P		
E/B-20 S		
Average Bundled Rate		

<b>Direct Access/Community Choice Aggregation (DA/CCA)</b>		
Residential		
Residential – CARE		
Residential – Non-CARE		
Small Commercial		
Medium Commercial		
Medium Commercial – A/B-10T		
Medium Commercial – A/B-10P		
Medium Commercial – A/B-10S		
E/B-19		
E/B-19T		
E/B-19P		
E/B-19S		
Streetlight		
Standby		
Standby – STOU T		
Standby – STOU P		
Standby – STOU S		
Agriculture		
E/B-20		
E/B-20 T		
E/B-20 P		
E/B-20 S		
Average DA/CCA Rate		

\* The Wildfire Hardening Fixed Recovery Charge Balancing Account (WHFRCBA) will be collected in rates in the same manner as other distribution charges, and will not be collected on a volumetric basis (cents per kWh) on some rate schedules.

### **Proposed Tariff Changes:**

[If Fixed Recovery Charge rate change is being implemented as a standalone rate change]: Attachment A provides all applicable tariff sheets reflecting the revised Fixed Recovery Charges shown in Table 3.

[If Fixed Recovery Charge rate change is being consolidated with other rate changes]: PG&E will submit all tariff sheets reflecting the revised Fixed Recovery Charges shown in Table 3 in the consolidated revenue requirement and rate change advice letter for rates effective in [date].

### **Effective Date:**

[If annual Routine True-Up Mechanism Advice Letter]

In accordance with D. [\_\_\_], Routine True-Up Mechanism Advice Letters for required annual Fixed Recovery Charge adjustments shall be submitted with a complete accounting of the historical over-collection and under-collection of the Fixed Recovery Charges at least 50 days before [insert the FRC Annual Adjustment Date] and these adjustments to Fixed Recovery Charges shall be effective on [insert the FRC Annual Adjustment Date]. No Commission

resolution is required. Therefore, these Fixed Recovery Charges shall be effective [insert the FRC Annual Adjustment Date] through until they are changed by the next annual Routine True-Up Mechanism Advice Letters or, if earlier by an interim Routine True-Up Mechanism or Non-Routine True-Up Mechanism adjustment. Beginning 12 months prior to the last scheduled final payment date of the last maturing series of Recovery Bonds, Routine True-Up Mechanism Advice Letters shall be submitted quarterly.

[If semi-annual Routine True-Up Mechanism Advice Letter]

In accordance with D. [ ], semi-annual Routine True-Up Mechanism Advice Letters for semi-annual Fixed Recovery Charge adjustments shall be submitted with a complete accounting of the historical over-collection and under-collection of the Fixed Recovery Charges at least 50 days before [insert the Semi-Annual Adjustment Date, which shall be six months after the FRC Annual Adjustment Date]. No Commission resolution is required. Therefore, these Fixed Recovery Charges shall be effective until they are changed by the next annual Routine True-Up Mechanism Advice Letters or, if earlier by an interim Routine True-Up Mechanism or Non-Routine True-Up Mechanism adjustment.

[If interim Routine True-Up Mechanism Advice Letter]

In accordance with D. [ ], interim Routine True-Up Mechanism Advice Letters for interim Fixed Recovery Charge adjustments shall be submitted at least 50 days before [insert proposed interim effective date, which, for efficacy of reporting, shall be the first day of a month)] and these adjustments to Fixed Recovery Charges shall be effective [on the proposed interim effective date]. No Commission resolution is required. Therefore, these Fixed Recovery Charges shall be effective until they are changed by the next annual Routine True-Up Mechanism Advice Letters or, if earlier by an interim Routine True-Up Mechanism or Non-Routine True-Up Mechanism adjustment.

### **Description of Exhibits:**

Exhibit 1 to this advice letter submission presents the revised principal amortization schedule for the Recovery Bonds.

Exhibit 2 presents the revised Periodic Payment Requirements related to the Recovery Bonds for the two payment periods following the adjustment date. These Periodic Payment Requirements will be adjusted based upon the Cash Flow Model to determine the Periodic Billing Requirement, as shown in Exhibit 3.

Exhibit 3 presents the revised Fixed Recovery Charge calculations.

### **Notice:**

In accordance with General Order 96-B Section 4.4, a copy of this advice letter is being sent electronically and via U.S. mail to parties shown on the attached list. Address changes should be directed to [ ] at (415) [ ]. Advice letter submissions can also be accessed electronically at: <https://www.pge.com/tariffs/advice-letters.page>.

A.21-02-020 ALJ/JSJ/jnf

Attachments

cc: Service List for A.[\_].

**Exhibit 1**  
**Revised Principal Amortization**

**Exhibit 2**  
**Periodic Payment Requirements**

The total amount payable to the owner of the Recovery Property, or its assignee(s), pursuant to this issuance advice letter is a \$ principal amount, plus interest on such principal amount, plus Ongoing Financing Costs, to be obtained from Fixed Recovery Charges calculated in accordance with D. [ ].

The Fixed Recovery Charges shall be adjusted from time to time, at least annually, via the Routine True-Up Mechanism Advice Letter and Non-Routine True-Up Mechanism Advice Letter in accordance with D. [ ].

[The following amounts are scheduled to be paid by the Bond Trustee from Fixed Recovery Charges it has received during the payment period. These payment amounts include principal plus interest and plus other Ongoing Financing Costs.]

<u>Payment Period</u>	<u>Recovery Bond</u> <u>Payments</u>	<u>Ongoing Financing</u> <u>Costs (See Table 3)</u>	<u>Periodic Payment</u> <u>Requirement</u>
<u>First Payment</u> <u>Period</u>	\$	\$	\$
<u>Second Payment</u> <u>Period</u>	\$	\$	\$

**Exhibit 3**  
**Fixed Recovery Charge Calculations**

**(END OF ATTACHMENT 3)**

**Attachment 4**  
**Form of Non-Routine True-Up Mechanism Advice Letter**

[date]

**Application** \_\_\_\_\_ **-E**  
**(Pacific Gas and Electric Company ID [ \_\_\_\_\_ ])**

Public Utilities Commission of the State of California

**Subject:**        Non-Routine True-Up Mechanism Advice Letter

Pursuant to California Public Utilities Commission (CPUC) Decision (D.) [ ] (Decision), Pacific Gas and Electric Company (PG&E), as servicer of the Recovery Bonds (Recovery Bonds) and on behalf of the Special Purpose Entity, hereby applies for adjustment to the Fixed Recovery Charge for series\_, Tranche(s)\_of the Recovery Bonds.

**Purpose:**

This submission establishes revised Fixed Recovery Charges for rate schedules for Consumers, as set forth in D. [\_\_\_\_\_].

**Background:**

In D. [ ], the Commission granted PG&E authority to issue Recovery Bonds to finance certain costs and expenses related to catastrophic wildfires, including fire risk mitigation capital expenditures identified in subdivision (e) of Section 8386.3 of the Public Utilities Code, and associated financing costs.

Recovery Bonds are securities that are backed by the cash flows generated by a specific asset that will be sold by PG&E to a Special Purpose Entity that issued the Recovery Bonds secured by this asset. The asset sold is Recovery Property, a current property right that was created by Article 5.8 as the right, title and interest in and to all (i) Fixed Recovery Charges established pursuant to the Financing Order, including all rights to obtain adjustments, and (ii) revenues, collections, claims, payments, monies, or proceeds of or arising from the Fixed Recovery Charges that will cover debt service and all related Recovery Bond costs.

In D. [\_\_\_\_\_], the Commission authorized PG&E to submit Non-Routine True-up Mechanism Advice Letters to propose revisions to the logic, structure and components of the cash flow model adopted by the Financing Order. These submissions are intended to ensure that the actual revenues collected under the Fixed Recovery Charges will be sufficient to make all scheduled payments of Bond principal, interest, and other Ongoing Financing Costs on a timely basis during the current or next succeeding payment period, including the replenishment of any draws upon the capital subaccount. Non-Routine True-up Mechanism Advice Letter submissions are those where PG&E uses the method found reasonable by the Commission in D. [ ] to revise existing Fixed Recovery Charges.

Using the cash flow model attached to this Non-Routine True-Up Mechanism Advice Letter as Exhibit 1, this submission modifies the logic, structure and/or variables used in the Fixed Recovery Charge calculations and provides the resulting modified Fixed Recovery Charges.

Table 1 shows estimated Ongoing Financing Costs for the next two payment periods to be recovered through Fixed Recovery Charges in accordance with the Financing Order.

<b>TABLE 1: Estimated Ongoing Financing Costs</b>		
	First Payment Period	Second Payment Period
Servicing Fee (PG&E as Servicer) ([##]% of the initial Recovery Bond principal amount)	\$	\$
Administration Fee		
Accounting Fees and Expenses		
Legal Fees and Expenses		
Rating Agency Surveillance Fees		
Trustee Fees and Expenses		
Independent Director Fees		
Printing / EDGARizing Expenses		
Return on Equity		
Miscellaneous Fees and Expenses		
Deposit to the Capital Subaccount (if any)		
<b>TOTAL ONGOING FINANCING COSTS (with PG&amp;E as Servicer)</b>	<b>\$</b>	<b>\$</b>
Ongoing Servicers Fee (Third Party as Servicer) (____% of initial principal amount)		
<b>TOTAL ONGOING FINANCING COSTS (Third Party as Servicer)</b>	<b>\$</b>	<b>\$</b>

Table 2 shows assumptions for each of the variables used in calculating the Fixed Recovery Charges for the payment period. Exhibit 1 shows the revised payment schedule shows the revised payment schedule.

<b>TABLE 2: Input Values For Fixed Recovery Charges</b>		
	First Payment Period	Second Payment Period
Allocation Factors for each Customer Class (see Exhibit 3)		
Projected kWh sales for each Customer Class for payment period (See Exhibit 3)		
Percent of Consumers' revenue written off		
Average Days Sales Outstanding		
Ongoing Financing Costs for the applicable payment period (See Table 1 above)		
Balance of Collection Account (Net of Capital Subaccount)(As of xx/xx, which is the Calculation Cut-off Date)		N/A
Recovery Bond Principal		
Recovery Bond Interest		
Periodic Payment Requirement (See Exhibit 3)		
Periodic Billing Requirement (See Exhibit 4)		

Table 3 shows the revised Fixed Recovery Charges calculated for Consumers. The Fixed Recovery Charge calculations are shown in Exhibit 3.

<b>TABLE 3: Fixed Recovery Charges for Period Ending [_____]</b>		
<b>FRC Consumer Class</b>	<b>WHC</b>	<b>WHFRCBA Rate*</b>
Residential		
Residential – CARE		
Residential – Non-CARE		
Small Commercial		
Medium Commercial		
Medium Commercial – A/B-10T		
Medium Commercial – A/B-10P		
Medium Commercial – A/B-10S		
E/B-19		
E/B-19T		
E/B-19P		
E/B-19S		
Streetlight		
Standby		
Standby – STOU T		
Standby – STOU P		

Standby – STOU S		
Agriculture		
E/B-20		
E/B-20 T		
E/B-20 P		
E/B-20 S		
Average Bundled Rate		
<b>Direct Access/Community Choice Aggregation (DA/CCA)</b>		
Residential		
Residential – CARE		
Residential – Non-CARE		
Small Commercial		
Medium Commercial		
Medium Commercial – A/B-10T		
Medium Commercial – A/B-10P		
Medium Commercial – A/B-10S		
E/B-19		
E/B-19T		
E/B-19P		
E/B-19S		
Streetlight		
Standby		
Standby – STOU T		
Standby – STOU P		
Standby – STOU S		
Agriculture		
E/B-20		
E/B-20 T		
E/B-20 P		
E/B-20 S		
Average DA/CCA Rate		

\* The Wildfire Hardening Fixed Recovery Charge Balancing Account (WHFRCBA) will be collected in rates in the same manner as other distribution charges, and will not be collected on a volumetric basis (cents per kWh) on some rate schedules.

### **Proposed Tariff Changes:**

[If Fixed Recovery Charge rate change is being implemented as a standalone rate change]: Attachment A provides all applicable tariff sheets reflecting the revised Fixed Recovery Charges shown in Table 4.

[If Fixed Recovery Charge rate change is being consolidated with other rate changes]: PG&E will submit all tariff sheets reflecting the revised Fixed Recovery Charges shown in Table 4 in the consolidated revenue requirement and rate change advice letter for rates effective in [date].

**Effective Date:**

In accordance with D. [ ], Non-Routine True-Up Mechanism Advice Letter for Fixed Recovery Charge adjustments shall be submitted at least 90 days prior to the effective date proposed therein. The proposed effective date in this Non-Routine True-Up Mechanism Advice Letter is [Effective Date]. Absent a Commission resolution that adopts, modifies, or rejects the proposed in this Non-Routine True-Up Mechanism Advice Letter, it shall become effective on the [Effective Date], provided the public will have an opportunity to review and protest a Non-Routine True-Up Mechanism Advice Letter in accordance with Commission procedures to the extent allowed by Section 850.1(e) of the Public Utilities Code.

**Description of Exhibits:**

Exhibit 1 to this advice letter submission presents the new cash flow model for the Fixed Recovery Charges. Exhibit 2 to this advice letter submission presents the revised debt service schedule for the Recovery Bonds.

Exhibit 3 to this advice letter submission presents the revised Periodic Payment Requirements and Fixed Recovery Charge Revenue Projections, based upon the new cash flow model.

Exhibit 4 to this advice letter submission presents the revised Fixed Recovery Charge calculations.

**Notice:**

In accordance with General Order 96-B Section 4.4, a copy of this advice letter is being sent electronically and via U.S. mail to parties shown on the attached list. Address changes should be directed to [ ] at (415) [ ]. Advice letter submissions can also be accessed electronically at: <https://www.pge.com/tariffs/advice-letters.page>.

Attachments

cc: Service List for A.[ ].

**Exhibit 1**  
**New Cash Flow Model Description for the Fixed Recovery Charges**

**Exhibit 2**  
**Revised Principal Amortization**

**Exhibit 3****Revised Periodic Payment Requirements and Fixed Recovery Charge Revenue Projections**

The total amount payable to the owner of the Recovery Property, or its assignee(s), pursuant to this issuance advice letter is a \$ principal amount, plus interest on such principal amount, plus Ongoing Financing Costs, to be obtained from Fixed Recovery Charges calculated in accordance with D. [ ].

The Fixed Recovery Charges shall be adjusted from time to time, at least annually, via the Routine True-Up Mechanism Advice Letter and Non-Routine True-Up Mechanism Advice Letter in accordance with D. [ ].

[The following amounts are scheduled to be paid by the Bond Trustee from Fixed Recovery Charges it has received during the payment period. These payment amounts include principal plus interest and plus other Ongoing Financing Costs.]

<u>Payment Period</u>	<u>Recovery Payments</u>	<u>Bond (See Exhibit 1)</u>	<u>Ongoing Financing Costs (See Table 1)</u>	<u>Periodic Payment Requirement</u>
<u>First Payment Period</u>	\$		\$	\$
<u>Second Payment Period</u>	\$		\$	\$

**Exhibit 4**  
**Fixed Recovery Charge Calculations**

**(END OF ATTACHMENT 4)**

**Attachment 5**  
**Estimated Upfront Financing Costs**

<b>Estimated Upfront Financing Costs</b>	
Accountant's / Auditor's Fees	\$200,000
Legal Fees and Expenses (Issuer's Counsel)	\$1,500,000
Legal Fees and Expenses (Trustee's Counsel)	\$50,000
Legal Fees and Expenses (Underwriter's Counsel)	\$1,200,000
Legal Fees and Expenses (Regulatory Counsel)	\$750,000
Printing & Filing Costs	\$85,000
Rating Agency Fees (a)	\$2,250,000
SEC Registration Fees (b)	\$131,284
Section 1904 Fees (c)	\$609,258
Trustee Fees	\$50,000
Commission's Advisor Costs + Expenses	\$1,200,000
Structuring Advisor	\$300,000
Underwriting Costs (d)	\$4,813,356
Miscellaneous (e)	\$200,000
<b>Total (f)</b>	<b>\$13,338,898</b>

*(a) Assumes ratings from Moody's, S&P and Fitch based upon current fee schedules applied to issuance amounts which change from time to time.*

*(b) Assumed to be \$109.10 per million dollars of issuance.*

*(c) Section 1904 Fees were originally estimated at \$609,258; current estimate is \$607,670.*

*(d) Assumes a 0.40% underwriter fee.*

*(e) Unforeseen expenses, if any.*

*(f) Assumes no overcollateralization reserve account requirement and no servicer Set-up costs.*

**(END OF ATTACHMENT 5)**